

Audited Financial Statements

Huron Academy
Sterling Heights, Michigan

June 30, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Huron Academy

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Huron Academy as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Huron Academy's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Huron Academy, as of June 30, 2021, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

The financial statements for the year ended June 30, 2021 reflect certain prior period adjustments as described in Note 13 to the financial statements. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information as identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Huron Academy's basic financial statements. The combining and individual nonmajor fund financial statements, and schedule of revenues and expenditures, and schedule of expenditures of federal awards as required for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, schedules of revenues and expenditures, and the schedule of expenditures of federal awards, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, schedules of revenues and expenditures, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2021, on our consideration of Huron Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Huron Academy's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Huron Academy's internal control over financial reporting and compliance.



Croskey Lanni, PC

Rochester, Michigan
October 26, 2021

MANAGEMENT’S DISCUSSION AND ANALYSIS

Huron Academy is Preschool through 8th grade Public School Academy located in Sterling Heights, Michigan. This Management’s Discussion and Analysis, a requirement of GASB 34, is intended to be the Huron Academy administration’s discussion and analysis of the financial results for the fiscal year ended June 30, 2021.

FINANCIAL HIGHLIGHTS OF THE ACADEMY

Table 1 - Basic Financial Information

	Current Fiscal Year	Prior Fiscal Year
State Aid Funding Per Pupil	\$ 8,111	\$ 8,111
Enrollment	630.32	629.53
General Fund Balance Increase/(Decrease)	\$ 113,438	\$ 75,236
General Fund Balance as Percent of Unrestricted State Aid Revenue	20%	19%

OVERVIEW OF THE FINANCIAL STATEMENTS

U.S. generally accepted accounting principles (GAAP) according to GASB 34 requires the reporting of two types of financial statements: Academy-wide Financial Statements and Fund Financial Statements.

FUND FINANCIAL STATEMENTS

For the most part, the fund financial statements are comparable to general purpose financial statements. The primary difference is that the Account Groups: General Fixed Assets and General Long-Term Debt are no longer reported. The fund level statements are reported on a modified accrual basis. Only those assets that are “measurable” and “currently available” are reported. Liabilities are recognized to the extent they are normally expected to be paid with current financial resources.

The fund statements are formatted to comply with the legal requirements of the Michigan Department of Education’s “Accounting Manual.” In the State of Michigan, the Academy’s major instruction and instructional support activities are reported in the General Fund. Additional governmental activities are reported in their relevant Special Revenue Funds.

In the fund financial statement, capital assets purchased are reported as expenditures in the year of acquisition. No asset is reported. The issuance of debt is recorded as a financial resource. The current year’s payments of principal and interest on long-term obligations are recorded as expenditures. Future year’s debt obligations are not recorded.

The academy has one kind of fund:

Governmental fund – Most of the Academy’s basic services are included in governmental funds which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Academy’s programs. Because this information does not encompass the additional long-term focus of the academy-wide statements, we provide additional information with the governmental funds statement that explains the relationship (or differences) between them.

ACADEMY - WIDE FINANCIAL STATEMENTS

The Academy-wide financial statements are maintained using the “full accrual” basis. They report all of the Academy’s assets and liabilities, both short and long term, regardless if they are “currently available” or not. For example, assets that are restricted for use in the Debt Funds solely for the payment of long term principal or interest are grouped with unrestricted assets of the General Fund. Capital assets and long-term obligations of the Academy are reported in the Statement of Net Position of the Academy-wide financial statements.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the Academy’s budget for the year. Figure A-1 shows how the various parts of the annual report are arranged and related to one another.

Figure A-1 Organization of Huron Academy’s Annual Financial Report

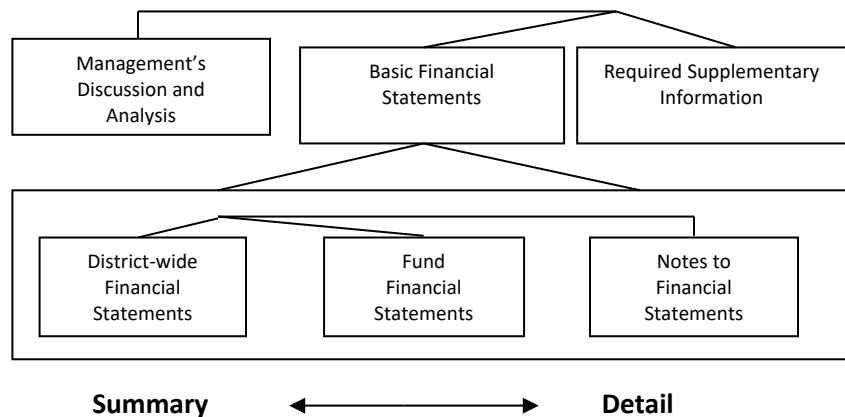


Figure A-2 summarizes the major features of the Academy’s financial statements, including the portion of the Academy’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights the structure and contents of each of the statements.

Figure A – 2 Major Features of the Academy-Wide and Fund Financial Statements

	Academy-wide statements	Fund Financial Statements
Scope	Entire academy (except fiduciary funds)	All activities of the academy that are not fiduciary
Required financial statements	* Statement of net position * Statement of activities	* Balance sheet * Statement of revenues, expenditures and changes in fund balances
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and the related liability is due and payable

FINANCIAL ANALYSIS OF THE ACADEMY AS A WHOLE

Table 2 - Financial Results

	Current Fiscal Year	Prior Fiscal Year
Ending General Fund Balance	\$ 1,143,645	\$ 1,030,207
Total General Fund Revenue	\$ 6,956,544	\$ 5,956,578
State Aid Foundation Allowance as percent of Academy Revenues	80%	90%
Total Cost of Instructional Programs	\$ 3,794,593	\$ 3,154,729
Instructional Expenditures as percent of Total Expenditures	58%	54%
Total Cost of Support/Operational Services	\$ 2,105,507	\$ 2,014,437
Support/Operational Services as percent of Total Expenditures	32%	35%
Total Expenditures transferred to Debt Service	\$ 649,763	\$ 648,059
Transfer to Debt Service as percent of Total Expenditures	10%	11%

ACADEMY GOVERNMENTAL ACTIVITIES

Summary of Net Position

The following summarizes the net position at fiscal year ended June 30, 2021 and 2020:

Table 3 - Net Position Detail

	2021	2020
Assets		
Current Assets	\$ 3,016,524	\$ 2,522,073
Capital Assets	11,479,880	11,424,074
Less: Accumulated Depreciation	(3,170,673)	(2,823,770)
Capital Assets, Net Book Value	8,309,207	8,600,304
Total Assets and Deferred Outflows	<u>\$ 11,325,731</u>	<u>\$ 11,122,377</u>
Liabilities		
Current Liabilities	\$ 909,620	\$ 771,748
Long-term Liabilities	7,748,774	7,895,816
Total Liabilities and Deferred Inflows	<u>\$ 8,658,394</u>	<u>\$ 8,667,564</u>
Net Position		
Invested in Capital Assets, Net of Related Debt (Deficit)	\$ 410,433	\$ 564,488
Restricted for Debt Service	552,608	1,006,765
Unrestricted	1,704,296	883,560
Total Net Position	<u>\$ 2,667,337</u>	<u>\$ 2,454,813</u>

Results of Operations

For the fiscal year ended June 30, 2021 and 2020, the Academy wide results of operations were:

Table 4 - Change in Net Position

	2021		2020	
	Amount	% of Total	Amount	% of Total
General Revenue:				
State of Michigan Aid - All Sources	\$ 5,175,577	72.19%	\$ 5,032,377	81.38%
Other	28,484	0.39%	26,359	0.43%
Total General Revenue	5,204,061	72.59%	5,058,736	81.80%
Program Revenue:				
Charges for Services	91,667	1.28%	141,357	2.29%
Operating Grants - Federal and State	1,873,786	26.14%	984,010	15.91%
Total Program Revenue	1,965,453	27.41%	1,125,367	18.20%
Total Revenue	7,169,514	100.00%	6,184,103	100.00%
Expenses:				
Instruction and Instructional Services	3,794,593	54.26%	3,154,729	50.49%
Support Services	2,016,345	28.83%	1,893,022	30.30%
Food Service	214,997	3.07%	248,702	3.98%
Community Services	114,722	1.64%	105,584	1.69%
Unallocated Depreciation	346,903	4.96%	333,141	5.33%
Interest on Long-term Debt	505,872	7.23%	512,789	8.21%
Total Expenses	6,993,432	100.00%	6,247,967	100.00%
Change in Net Position	\$ 176,082		\$ (63,864)	

During the fiscal year ended June 30, 2021, the Academy's net position increased by \$176,082 as compared to a net decrease of \$63,864 in the prior fiscal year. Factors affecting this significant improvement of current year over prior year include growth in unrestricted state revenues, the addition of pandemic-related federal revenues, the addition of new county millage funding and continued spending controls. Additional factors affecting the change in net position during the year are discussed below.

State of Michigan Aid and Other Factors affecting Revenue

The State of Michigan aid is determined by the following variables:

- **Per Student, Foundation Allowance:** Annually, the State of Michigan sets the per student foundation allowance. Huron Academy's foundation allowance remained at the previous year's funding of \$8,111, but two new categoricals added an additional \$60,976 in unrestricted funds. These categoricals included funds for *Section 29a Increasing Enrollment* and *Section 11d Per Pupil Increase*.
- **Student Enrollment:** The Academy's general education student enrollment blend for 2020-2021 was 628.11. To calculate total state aid, a blend of 90% of the adjusted current-year fall count of 628.00 and 10% of the prior-year spring count of 629.11 was multiplied by the Academy's foundation allowance. Section 25e was

again in effect wherein the funding follows the student, with Section 25e additions at 3.61 FTE, adding \$4,461 to state revenue.

- The academy was able to increase enrollment and associated state funding slightly by offering both in-person and virtual learning options in an area where some schools offered no choice due to the COVID-19 pandemic.
- With the reduction in state aid revenues that impacted the prior 2019-2020 school year, the Academy had been granted \$167,356 in federal CARES Act funding, all of which was carried over to the 2020-2021 academic school year.

Subsequent to June 30, 2021, preliminary student enrollments for 2021-2022 indicated that the 2021 fall student enrollment would remain at or surpass 2020-2021 levels.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Uniform Budget Act of the State of Michigan requires that the local Board of Directors approve the original budget for the upcoming fiscal year prior to July 1, the start of the fiscal year. Over the course of the year, the Academy revised the annual operating budget two times.

Changes were made in the second and fourth quarters to account change in student enrollment, federal funding, and changes in assumptions (e.g. staffing changes, instructional, transportation, food services and community services) since the original budget was adopted.

The Academy's revenues from General Fund operations exceeded expenditures by \$113,438 for the fiscal year ended June 30, 2021.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Academy's net investment in capital assets increased by \$55,806 during the fiscal year. This can be summarized as follows:

Table 5 - Capital Assets

	Beginning Balance 6/30/20	Additions	Disposals	Ending Balance 6/30/21
Building	\$ 10,692,535	\$ 55,806	\$ -	\$ 10,748,341
Equipment	731,539	-	-	731,539
Less: Accumulated Depreciation	2,823,770	346,903	-	3,170,673
Net Investment in Capital Assets	<u>\$ 8,600,304</u>	<u>\$ (291,097)</u>	<u>\$ -</u>	<u>\$ 8,309,207</u>

Depreciation Expense

GASB 34 requires Public School Academies to maintain a record of annual depreciation expense and accumulated depreciation. The net increase in accumulated depreciation expense is a reduction in net assets in the entity wide financial statements. Depreciation is not recognized in the fund financial statements and has been noted as a reconciling item in the Academy's financial statements.

For fiscal year ended June 30, 2021, the net increase in accumulated depreciation was \$346,903.

Depreciation expense is recorded on a straight-line basis over the estimated useful lives of assets. In accordance with U.S. generally accepted accounting principles (GAAP), depreciation expense is recorded based on the original cost of the asset, less an estimated salvage value.

Debt, Principal Payments

A summary of long-term debt service activities is as follows.

Table 6 - Debt, Principal Payments

	Balance 6/30/2020	New Financings	Principal Payments	Balance 6/30/2021
Revenue Bond	\$ 8,110,000	\$ -	\$ 140,000	\$ 7,970,000

ECONOMIC FACTORS BEARING ON THE ACADEMY’S FUTURE

The Preliminary Budget for the 2021-22 fiscal year was adopted by the Board of Directors in June 2021. As funding information for 2021-2022 was generally still unknown during budget preparation, budget projections were estimated by management and school leadership conservatively knowing that more information about the 2021-2022 year would be released during summer 2021. Key factors affecting the 2021-2022 budget preparation process include:

- A decrease in enrollment to continue budgeting conservatively;
- A modest increase in foundation allowance of only \$100 per pupil;
- Projected recovery of local revenues for preschool and latchkey that had decreased in 2019-2020 due to the pandemic;
- Continued county funding for the Macomb Millage Enhancement, which is understood to remain in effect for a total of ten years;
- Continued investment in staff retention with budgeted pay increases;
- Utilization of federal funding from the CARES Act (ESSER II) to preserve staff positions and to invest in acquiring and retaining the best staff possible.

Since the Academy’s revenue is heavily dependent on State funding and the health of the State’s School Aid Fund, the actual revenue received depends on the State’s ability to collect revenues to fund its appropriation to School Districts and Public School Academies. The State periodically holds revenue-estimating conferences to estimate what the State’s available resources will be throughout the remainder of its fiscal year. In spite of the current economic uncertainties related to the COVID-19 pandemic, we remain cautiously confident that the State will find the resources to sufficiently fund current appropriations.

CONTACTING THE ACADEMY’S FINANCIAL MANAGEMENT

This financial report is designed to provide our students, parents and creditors with a general overview of the Academy’s finances and to demonstrate the Academy’s accountability for the money it receives. If you have questions about this report or need additional information, contact the Academy’s office at 36301 Utica Road, Charter Twp. of Clinton, MI 48305.

HURON ACADEMY

STATEMENT OF NET POSITION JUNE 30, 2021

ASSETS AND DEFERRED OUTFLOWS

Current Assets

Cash and cash equivalents	\$ 611,846
Investments - restricted for debt service and capital projects	1,042,717
Due from other governmental units	1,286,337
Prepaid expenses	<u>75,624</u>
Total current assets	3,016,524

Capital Assets - Net of Accumulated Depreciation

8,309,207

Total assets and deferred outflows \$ 11,325,731

LIABILITIES, DEFERRED INFLOWS AND NET POSITION

Current Liabilities

Accounts payable	\$ 132,663
Notes payable	90,914
Unearned revenue	2,270
Other accrued expenses	533,773
Long-term debt - current portion	<u>150,000</u>
Total current liabilities	909,620

Long-Term Debt - Long-Term Portion

7,748,774

Net Position

Net investment in capital assets	410,433
Restricted for debt services and capital projects	552,608
Unrestricted	<u>1,704,296</u>
Total net position	<u>2,667,337</u>
Total liabilities, deferred inflows and net position	<u>\$ 11,325,731</u>

See accompanying notes to financial statements

HURON ACADEMY

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2021

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense)</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Revenues and</u>
		<u>Services</u>	<u>Grants</u>	<u>Changes in</u>
				<u>Net Position</u>
				<u>Government</u>
				<u>Type</u>
				<u>Activities</u>
Functions				
Instruction				
Basic programs	\$ 2,997,816	\$ 43,134	\$ 591,109	\$ (2,363,573)
Added needs	796,777	-	796,777	-
Support services				
Pupil support services	126,160	-	126,160	-
Instructional staff support services	27,705	-	19,291	(8,414)
General administration	653,182	-	-	(653,182)
School administration	547,360	-	80,906	(466,454)
Business support services	13,648	-	-	(13,648)
Operations and maintenance	486,205	-	-	(486,205)
Pupil transportation services	105	-	-	(105)
Central support services	141,568	-	56,922	(84,646)
Other student activities	10,271	9,405	-	(866)
Food services	214,997	883	202,621	(11,493)
Community services	114,722	38,245	-	(76,477)
Payments to other school districts	10,141	-	-	(10,141)
Unallocated depreciation	346,903	-	-	(346,903)
Unallocated interest	505,872	-	-	(505,872)
Total primary government	<u>\$ 6,993,432</u>	<u>\$ 91,667</u>	<u>\$ 1,873,786</u>	<u>(5,027,979)</u>
General Purpose Revenues				
State school aid - unrestricted				5,175,577
Earnings on investments				61
Miscellaneous revenues				28,423
Total general purpose revenues				<u>5,204,061</u>
Change in net position				176,082
Net position - July 1, 2020				<u>2,491,255</u>
Net position - June 30, 2021				<u>\$ 2,667,337</u>

See accompanying notes to financial statements

HURON ACADEMY

COMBINED BALANCE SHEET – ALL GOVERNMENTAL FUNDS JUNE 30, 2021

ASSETS

	General	Debt Service	Non-Major	Total
Cash and cash equivalents	\$ 572,914	\$ -	\$ 38,932	\$ 611,846
Investments	-	905,509	137,208	1,042,717
Due from other governmental units	1,286,337	-	-	1,286,337
Due from other funds	3,356	-	118,396	121,752
Prepaid expenses	75,624	-	-	75,624
Total assets	\$ 1,938,231	\$ 905,509	\$ 294,536	\$ 3,138,276

LIABILITIES AND FUND BALANCE

Liabilities

Accounts payable	\$ 132,663	\$ -	\$ -	\$ 132,663
Notes payable	90,914	-	-	90,914
Due to other funds	118,396	-	3,356	121,752
Unearned revenue	2,270	-	-	2,270
Other accrued expenses	450,343	-	-	450,343
Total liabilities	794,586	-	3,356	797,942

Fund Balance

Nonspendable	75,624	644,081	-	719,705
Restricted	-	261,428	291,180	552,608
Assigned	58,000	-	-	58,000
Unassigned	1,010,021	-	-	1,010,021
Total fund balance	1,143,645	905,509	291,180	2,340,334
Total liabilities and fund balance	\$ 1,938,231	\$ 905,509	\$ 294,536	\$ 3,138,276

See accompanying notes to financial statements

HURON ACADEMY

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO NET POSITION OF GOVERNMENTAL ACTIVITIES JUNE 30, 2021

Amounts reported for governmental activities in the statement of net position are different because:

Total Governmental Fund Balances	\$ 2,340,334
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$11,479,880 and the accumulated depreciation is \$3,170,673.	8,309,207
Interest is not payable until due in governmental activities and, therefore, is not recorded in the funds.	(83,430)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(7,898,774)</u>
Net Position of Governmental Activities	<u><u>\$ 2,667,337</u></u>

See accompanying notes to financial statements

HURON ACADEMY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – ALL GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2021

	General	Debt Service	Non-Major	Total
Revenues				
Local sources	\$ 109,802	\$ 54	\$ 10,295	\$ 120,151
State sources	5,586,673	-	12,192	5,598,865
Federal sources	916,801	-	190,429	1,107,230
Interdistrict sources	343,268	-	-	343,268
Total governmental fund revenues	6,956,544	54	212,916	7,169,514
Expenditures				
Instruction				
Basic programs	2,997,816	-	-	2,997,816
Added needs	796,777	-	-	796,777
Support services				
Pupil support services	126,160	-	-	126,160
Instructional staff support services	27,705	-	-	27,705
General administration	642,569	-	10,613	653,182
School administration	547,360	-	-	547,360
Business support services	13,648	-	-	13,648
Operations and maintenance	486,205	-	-	486,205
Pupil transportation services	105	-	-	105
Central support services	136,892	-	4,676	141,568
Other student activities	-	-	10,271	10,271
Food services	-	-	214,997	214,997
Community services	114,722	-	-	114,722
Payments to other school districts	10,141	-	-	10,141
Capital outlay	-	-	55,806	55,806
Debt principal and interest	-	644,081	-	644,081
Total governmental fund expenditures	5,900,100	644,081	296,363	6,840,544
Excess (deficiency) of revenues over expenditures	1,056,444	(644,027)	(83,447)	328,970
Other Financing Sources (Uses)				
Operating transfers in	-	649,763	293,243	943,006
Operating transfers out	(943,006)	-	-	(943,006)
Total other financing sources (uses)	(943,006)	649,763	293,243	-
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	113,438	5,736	209,796	328,970
Fund balance - July 1, 2020	1,030,207	899,773	81,384	2,011,364
Fund balance - June 30, 2021	\$ 1,143,645	\$ 905,509	\$ 291,180	\$ 2,340,334

See accompanying notes to financial statements

HURON ACADEMY

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2021

Amounts reported for governmental activities in the statement of activities are different because:

Net Change in Fund Balances - Total Governmental Funds	\$	328,970
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation and amortization expense. This is the amount by which capital outlays exceeded depreciation and amortization in the current period.

Capital outlay	\$	55,806	
Depreciation and amortization expense		<u>(346,903)</u>	(291,097)

The governmental funds report loan proceeds as an other financing source, while repayment of loan principal is reported as an expenditure. Interest is recognized as an expenditure in the governmental funds when it is due. The net effect of these differences in the treatment of general loan obligations is as follows:

Repayment of loan principal	\$	140,000	
Interest expense		<u>(1,791)</u>	<u>138,209</u>

Change in Net Position of Governmental Activities	\$	<u><u>176,082</u></u>
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See accompanying notes to financial statements

HURON ACADEMY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Huron Academy (the "Academy") conform to generally accepted accounting principles applicable to public school academies. The following is a summary of the significant accounting policies:

Reporting Entity

Huron Academy was formed as a public school academy pursuant to the Michigan School Code of 1976, as amended by Act No. 362 of the Public Acts of 1993 and Act No. 416 of the Public Acts of 1994. The Academy filed articles of incorporation as a nonprofit corporation pursuant to the provisions of the Michigan Nonprofit Corporation Act of 1982, as amended, in June 1999, and began operation in July 1999.

In May 1999, the Academy initially entered into a contract with the Ferris State University Board of Trustees to charter a public school academy. The contract has been renewed through the year ending June 30, 2023. The contract requires the Academy to act exclusively as a governmental agency and not undertake any action inconsistent with its status as an entity authorized to receive state school aid funds pursuant to the State constitution. The University's Board of Trustees is the fiscal agent for the Academy and is responsible for overseeing the Academy's compliance with the contract and all applicable laws. The Academy pays the Ferris State University Board of Trustees three percent of state aid as administrative fees. Total administrative fees paid for the year ended June 30, 2021 were approximately \$152,930.

In July 2011, the Academy renewed its agreement with CS Partners, "CSP" which has been renewed through June, 2023. Under the terms of this agreement, CSP provides a variety of management services including the support of the Academy's instructional and operational systems, as well as human resource functions. The Academy is obligated to pay CSP nine percent of its state aid. The total paid for these services amounted to approximately \$461,880 for the year ended June 30, 2021.

The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational or financial relationships with the public school academy. Based on application of criteria, the Academy does not contain component units.

Fund Financial Statements

Fund financial statements report detailed information about the Academy. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

Basis of Presentation – Fund Accounting

The accounts of the Academy are organized on the basis of funds. The operations of a fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenue and expenditures. Government resources are allocated to and accounted for in individual funds based on the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the combined financial statements in this report, into generic fund types in two broad fund categories.

HURON ACADEMY

NOTES TO FINANCIAL STATEMENTS – Continued
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Governmental Funds

A governmental fund is a fund through which most Academy functions typically are financed. The acquisition, use and balances of the Academy's expendable financial resources and the related current liabilities are accounted for through a governmental fund.

General Fund - The general fund is used to record the general operations of the Academy pertaining to education and those operations not provided for in other funds. Included are all transactions related to the approved current operating budget.

Special Revenue Fund (Food Service)- The special revenue fund, is used to account for the food service program operations. The special revenue fund is a subsidiary operation and is an obligation of the general fund. Therefore, any shortfall in the special revenue fund will be covered by an operating transfer from the general fund. The special revenue fund does not maintain its own assets and liabilities; accordingly, no balance sheet is presented for this fund.

Special Revenue Fund (Student Activities) – The Academy presently maintains an activity fund to record the transactions of student groups for school and school-related purposes. The student activity fund is a subsidiary operation and is an obligation of the general fund. Therefore, any shortfall in the student activity fund will be covered by an operating transfer from the general fund.

Debt Service Fund - The debt service fund is used to record certain revenue and the payment of interest, principal and other expenditures on long-term debt.

Capital Projects Fund - The capital projects fund accounts for financial resources to be used for the acquisition, construction, or improvement of capital facilities.

Governmental and agency funds utilize the modified accrual basis of accounting. Modifications in such method from the accrual basis are as follows:

- a. Revenue that is both measurable and available for use to finance operations is recorded as revenue when earned. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Academy considers revenues to be available if they are collected within sixty days of the end of the current fiscal period.
- b. Payments for inventorable types of supplies, which are not significant at year end, are recorded as expenditures at the time of purchase.
- c. Principal and interest of general long-term debt are not recorded as expenditures until their due dates.

HURON ACADEMY

NOTES TO FINANCIAL STATEMENTS – Continued
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

- d. The State of Michigan utilizes a foundation allowance funding approach, which provides for specific annual amount of revenue per student based on a state-wide formula. The foundation allowance is funded from a combination of state and local sources. Revenue from state sources is primarily governed by the School Aid Act and the School Code of Michigan. The state portion of the foundation is provided from the State's School Aid Fund and is recognized as revenue in accordance with state law. A major portion of the Academy's revenue is derived from this state aid. As such, the Academy is considered to be economically dependent on this aid. The Academy's existence is dependent upon qualification for such aid.

Government-Wide Financial Statements

The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government. The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This approach differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include reconciliations with brief explanations to better identify the relationships between the government-wide statements and the statements for governmental funds.

The government-wide Statement of Activities presents a comparison between expenses and program revenues for each segment of the business-type activities of the Academy and for each governmental program. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. The Academy does not allocate indirect expenses to programs. In creating the government-wide financial statements the Academy has eliminated inter-fund transactions. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or function is self-financing or draws from the general revenues of the Academy. When both restricted and unrestricted resources are available for use, it is the Academy's policy to use restricted resources first.

Net position should be reported as restricted when constraints placed on net position's use is either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The Academy first utilizes restricted resources to finance qualifying activities.

HURON ACADEMY

NOTES TO FINANCIAL STATEMENTS – Continued
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Cash and Cash Equivalents

The Academy's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with maturities of three months or less from the date of acquisition. The Academy reports its investments in accordance with GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools and GASB No. 40, Deposit and Investment Risk Disclosures. Under these standards, certain investments are valued at fair value as determined by quoted market prices or by estimated fair values when quoted market prices are not available. The standards also provide that certain investments are valued at cost (or amortized cost) when they are of a short-term duration, the rate of return is fixed, and the Academy intends to hold the investment until maturity. The Academy held investments in mutual funds that invest solely in U.S. Treasury obligations. The funds are held in trust for debt service and capital projects. State statutes authorize the Academy to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury; certificates of deposit, saving accounts, deposit accounts, and or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Corporation or National Credit Union Administration, respectively; in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase. The Academy is also authorized to invest in U.S. Government or Federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

Receivables

Receivables at June 30, 2021 consist primarily of state school aid due from the State of Michigan and the federal government. All receivables are expected to be fully collected in July and August of 2021 and are considered current for the purposes of these financial statements.

Prepaid Assets

Payments made to vendors for services that will benefit periods beyond June 30, 2021, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure is reported in the year in which services are consumed.

Capital Assets and Depreciation

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions or retirements during the year. The Academy follows the policy of not capitalizing assets with a useful life of less than one year. The Academy does not possess any infrastructure assets.

All reported capital assets, with the exception of land, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Building and improvements	10 – 50 years
Furniture and equipment	5 – 15 years
Computers and software	3 – 10 years

HURON ACADEMY

NOTES TO FINANCIAL STATEMENTS – Continued
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, the non-current portion of capital leases that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within sixty days after year-end are considered to have been made with current available financial resources. Other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

Net Position

Net position represents the difference between assets, deferred outflows and liabilities, and deferred inflows. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Academy or through external restrictions imposed by creditors, grantors or laws of regulations of other governments.

Fund Equity

The Academy has adopted GASB 54 as part of its fiscal year reporting. The intention of the GASB is to provide a more structured classification of fund balance and to improve the usefulness of fund balance reporting to the users of the Academy's financial statements. The reporting standard establishes a hierarchy for fund balance classifications and the constraints imposed on those resources.

GASB 54 provides for two major types of fund balances, which are nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. This category typically includes prepaid items and inventories.

In addition to nonspendable fund balance, GASB 54 has provided a hierarchy of spendable fund balances, based on a hierarchy of spending constraints.

- a. *Restricted fund balance* – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- b. *Committed fund balance* – amounts constrained to specific purposes by the Board; to be reported as committed, amounts cannot be used for any other purpose unless the Board takes action to remove or change the constraint.
- c. *Assigned fund balance* – amounts the Board intends to use for a specific purpose; intent can be expressed by the Board or by an official or committee to which the Board delegates the authority.
- d. *Unassigned fund balance* – amounts that are available for any purpose; these amounts are reported only in the general fund.

HURON ACADEMY

NOTES TO FINANCIAL STATEMENTS – Continued
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

The Academy follows the policy that restricted, committed, or assigned amounts will be considered to have been spent when an expenditure is incurred for purposes for which both unassigned and restricted, committed, or assigned fund balances are available. There are no governmental funds with a deficit.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Upcoming Accounting Pronouncements

In June 2017, the Governmental Accounting Standards Board issued GASB Statement No. 87, Leases which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based upon the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The Academy is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the Academy's financial statements for the year ending June 30, 2022.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Annual budgets are adopted on a consistent basis with accounting principles generally accepted in the United States of America and state law for the general fund. All annual appropriations lapse at fiscal year end and encumbrances are not formally recorded.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body is the function level. State law requires the Academy to have its budget in place by July 1. Expenditures in excess of amounts budgeted is a violation of Michigan Law. The Academy is required by law to adopt general and special revenue fund budgets. During the year ended June 30, 2021 the budget was amended in a legally permissible manner. A comparison of amounts appropriated to actual expenditures is included on page 20 of these financial statements.

HURON ACADEMY

NOTES TO FINANCIAL STATEMENTS – Continued
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 3 – DEPOSITS AND INVESTMENTS

As of June 30, 2021, the Academy had the following investments:

<u>Type</u>	<u>S&P Rating</u>	<u>Maturities</u>	<u>Carrying Value</u>
Deposits:			
Demand deposits			\$ 611,846
Investments:			
U.S. Treasury and agency obligations	AAAm	Various	<u>1,042,717</u>
Total deposits and investments			<u>\$ 1,654,563</u>

The above amounts are reported in the financial statements as follows:

Deposits:			
Cash - General Fund			\$ 572,914
Cash - Special Revenue - Student Activities Fund			<u>38,932</u>
Subtotal			611,846
Investments:			
Investments - Debt Service Fund			905,509
Investments - Capital Projects Fund			<u>137,208</u>
Subtotal			<u>1,042,717</u>
Total deposits and investments			<u>\$ 1,654,563</u>

Interest Rate Risk

In accordance with its investment policy, the Academy will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the Academy's cash requirements.

Credit Risk

State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2021, the Academy's investments were rated AAAM by Standards & Poor's and Aaa by Moody's Investors Service.

HURON ACADEMY

NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 3 - DEPOSITS AND INVESTMENTS - Continued

Concentration of Credit Risk

The Academy will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the Academy's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. More than 5% of the Academy's investments are in pooled investment accounts which represent 100% of the Academy's total investments.

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Academy's deposits may not be returned to it. As of June 30, 2021, \$377,957 of the Academy's cash was exposed to custodial credit risk because it was uninsured. All cash balances were uncollateralized as of June 30, 2021.

Custodial Credit Risk - Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the Academy will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The Academy will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the Academy will do business.

Foreign Currency Risk

The Academy is not authorized to invest in investments which have this type of risk.

Fair Value

Generally accepted accounting principles define fair value, establish a framework for measuring fair value, and establish a fair value hierarchy that prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- a. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Academy has the ability to access.
- b. Level 2 inputs are inputs (other than quoted prices included within Level 1) that are observable for the asset or liability, either directly or indirectly.

HURON ACADEMY

NOTES TO FINANCIAL STATEMENTS – Continued
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 3 - DEPOSITS AND INVESTMENTS - Continued

- c. Level 3 are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability. (The observable inputs should be developed based on the best information available in the circumstances and may include the Academy's own data.)

The Academy does not have any investments that are subject to the fair value measurement.

NOTE 4 – DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units consist of the following:

State sources	\$ 1,011,907
Federal sources	<u>274,430</u>
Total	<u><u>\$ 1,286,337</u></u>

NOTE 5 - CAPITAL ASSETS

Capital asset activity of the Academy's governmental activities was as follows:

	<u>Balance</u> <u>July 1, 2020</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>June 30, 2021</u>
Capital assets subject to depreciation				
Building	\$ 10,692,535	\$ 55,806	-	\$ 10,748,341
Equipment	<u>731,539</u>	<u>-</u>	<u>-</u>	<u>731,539</u>
Subtotal	11,424,074	55,806	-	11,479,880
Accumulated depreciation				
Building	2,212,820	337,182	-	2,550,002
Equipment	<u>610,950</u>	<u>9,721</u>	<u>-</u>	<u>620,671</u>
Subtotal	<u>2,823,770</u>	<u>346,903</u>	<u>-</u>	<u>3,170,673</u>
Total net capital assets	<u><u>\$ 8,600,304</u></u>	<u><u>\$ (291,097)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 8,309,207</u></u>

Depreciation expense was not charged to activities as the Academy considers its assets to impact multiple activities and allocation is not practical.

HURON ACADEMY

NOTES TO FINANCIAL STATEMENTS – Continued
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 6 – NOTES PAYABLE

Notes payable as of June 30, 2021 may be summarized as follows:

Loan Information

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Other</u>
SAAN 19-20	4.25%	August, 2020	Paid in full
SAAN 20-21	4.25%	August, 2021	Issued to provide funds to Academy to finance school operation; Secured by future state aid payments

Loan Activity

	<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Retirements and Payments</u>	<u>Balance June 30, 2021</u>
SAAN 19-20	\$ 109,090	\$ -	\$ 109,090	\$ -
SAAN 20-21	-	500,000	409,086	90,914
	<u>\$ 109,090</u>	<u>\$ 500,000</u>	<u>\$ 518,176</u>	<u>\$ 90,914</u>

NOTE 7 – OTHER ACCRUED EXPENSES

Other accrued expenses may be summarized as follows:

	<u>Net Position</u>	<u>Funds</u>
Purchased services - payroll and benefits	\$ 420,549	\$ 420,549
University oversight fee	27,990	27,990
Interest	83,913	483
Other	1,321	1,321
Total other accrued expenses	<u>\$ 533,773</u>	<u>\$ 450,343</u>

HURON ACADEMY

NOTES TO FINANCIAL STATEMENTS – Continued
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 8 - LONG-TERM OBLIGATIONS PAYABLE

The following is a summary of long-term obligations for the Academy during the year ended June 30, 2021:

Loan Information

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Other</u>
Revenue Bond	5.00%	November, 2045	Interest payable twice a year, principal payable annually. Secured by facilities and pledge for 20% of state school aid payments.

Loan Activity

	<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Retirements and Payments</u>	<u>Balance June 30, 2021</u>	<u>Due Within One Year</u>
Revenue Bond	<u>\$ 8,110,000</u>	<u>\$ -</u>	<u>\$ 140,000</u>	\$ 7,970,000	<u>\$ 150,000</u>
Less unamortized discount				71,226	
				<u>\$ 7,898,774</u>	

Following are maturities of long-term obligations for principal and interest for the next five years and in total:

	<u>Principal</u>	<u>Interest</u>
2022	\$ 150,000	\$ 493,874
2023	155,000	486,249
2024	165,000	478,249
2025	175,000	469,749
2026	180,000	460,874
2027 - 2031	1,070,000	2,137,419
2032 - 2036	1,435,000	1,760,031
2037 - 2041	1,955,000	1,225,703
2042 - 2046	<u>2,685,000</u>	<u>464,642</u>
Total	<u>\$ 7,970,000</u>	<u>\$ 7,976,790</u>

HURON ACADEMY

NOTES TO FINANCIAL STATEMENTS – Continued
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 9 – OPERATING LEASES

Lease Information

	<u>Maturity Date</u>	<u>Approximate Payment</u>	<u>Other</u>
Land	June, 2026	Variable	Rent payable \$6,050 per month through August 31, 2015, \$6,655 per month for the period September 1, 2016 through August 31, 2020, and \$7,320 per month for the period September 1, 2020 through August 31, 2025.

The approximate amount of lease obligations coming due during the next five years and in total are as follows:

2022	\$ 87,846
2023	87,846
2024	87,846
2025	87,846
2026	<u>14,640</u>
Total	<u>\$ 366,024</u>

Total lease expense included in the statement of activities for the year ended June 30, 2021 amounted to \$86,515.

NOTE 10 - INTERFUND TRANSFERS

During the normal course of the school year the Academy transferred amounts between its funds as follows:

	<u>General</u>	<u>Special Revenue -</u>		<u>Capital Projects</u>
		<u>Food Service</u>	<u>Debt Service</u>	
Transfer In	\$ -	\$ 11,493	\$ 649,763	\$ 281,750
Transfer Out	943,006	-	-	-

HURON ACADEMY

NOTES TO FINANCIAL STATEMENTS – Continued
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 10 - INTERFUND TRANSFERS - Continued

As stipulated by the Academy's revenue bond agreement as described in Note 8, the Academy must transfer 20% of its state aid to a trustee. The trustee retains the required portion for debt service and returns the remainder to the Academy. The general fund also subsidizes the Special Revenue Funds lunch activities. These above transactions account for the major activity in the Academy's interfund transfer accounts.

NOTE 11 - RISK MANAGEMENT

The Academy is exposed to various risks of loss related to property loss, torts, errors and omissions. The Academy has purchased commercial insurance for all claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

NOTE 12 - CONTINGENCIES

The COVID-19 pandemic that the world is experiencing is unprecedented. It is nearly impossible to fully anticipate the long term effects the impact it will have on the economy and the Academy's operations. As of the date of these financial statements, the Academy continues to evaluate and implement risk mitigation tactics including all aspects of the Academy's activities related to public school education, relationships with local, state, and federal government funding sources, compliance with the requirements of these funding sources and with business transactions with customers, vendors and human interaction within and outside of the Academy.

NOTE 13 – CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT

The Academy implemented Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities, for the fiscal year ended June 30, 2021. This statement establishes criteria for identifying fiduciary activities of all state and local governments. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements.

The implementation of GASB 84 had the following effect on net position as reported on June 30, 2020:

	<u>Government Wide</u>	<u>Student Activities Fund</u>
Net position / Fund balance- July 1, 2020	\$ 2,454,813	\$ -
Prior period adjustment		
To reclassify funds as a result of the implementation of GASB Statement No. 84	36,442	36,442
Net position / Fund balance - July 1, 2020, as restated	<u>\$ 2,491,255</u>	<u>\$ 36,442</u>

SUPPLEMENTARY INFORMATION

HURON ACADEMY

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Original Budget	Final Budget	Actual	Variance
Revenues				
Local sources	\$ 189,000	\$ 87,800	\$ 109,802	\$ 22,002
State sources	5,150,570	5,593,196	5,586,673	(6,523)
Federal sources	449,274	964,730	916,801	(47,929)
Interdistrict sources	324,247	341,343	343,268	1,925
Total general fund revenues	6,113,091	6,987,069	6,956,544	(30,525)
Expenditures				
Instruction				
Basic programs	2,601,289	2,989,843	2,997,816	7,973
Added needs	688,876	807,561	796,777	(10,784)
Support services				
Pupil support services	132,584	127,515	126,160	(1,355)
Instructional staff support services	25,685	36,027	27,705	(8,322)
General administration	601,733	644,826	642,569	(2,257)
School administration	581,896	561,175	547,360	(13,815)
Business support services	16,750	13,700	13,648	(52)
Operations and maintenance	480,086	506,291	486,205	(20,086)
Pupil transportation services	35,000	105	105	-
Central support services	46,300	152,495	136,892	(15,603)
Community services	115,713	109,139	114,722	5,583
Payments to other school districts	8,500	14,000	10,141	(3,859)
Total general fund expenditures	5,334,412	5,962,677	5,900,100	(62,577)
Excess (deficiency) of revenues over expenditures	778,679	1,024,392	1,056,444	32,052
Other Financing Sources (Uses)				
Operating transfers out	(711,526)	(953,389)	(943,006)	10,383
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	67,153	71,003	113,438	42,435
Fund balance - July 1, 2020	1,030,207	1,030,207	1,030,207	-
Fund balance - June 30, 2021	\$ 1,097,360	\$ 1,101,210	\$ 1,143,645	\$ 42,435

HURON ACADEMY

COMBINING BALANCE SHEET - NON-MAJOR FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – NON-MAJOR FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

ASSETS

	<u>Student Activities</u>	<u>Capital Projects</u>	<u>Total</u>
Cash and cash equivalents	\$ 38,932	\$ -	\$ 38,932
Investments	-	137,208	137,208
Due from other funds	-	118,396	118,396
Total assets	<u>\$ 38,932</u>	<u>\$ 255,604</u>	<u>\$ 294,536</u>

LIABILITIES AND FUND BALANCE

Liabilities

Due to other funds	\$ 3,356	\$ -	\$ 3,356
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Fund Balance

Restricted	<u>35,576</u>	<u>255,604</u>	<u>291,180</u>
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Total liabilities and fund balance	<u>\$ 38,932</u>	<u>\$ 255,604</u>	<u>\$ 294,536</u>
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HURON ACADEMY

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – NON-MAJOR FUNDS FOR THE YEAR ENDED JUNE 30, 2021

	<u>Special Revenue</u>			<u>Total</u>
	<u>Food Services</u>	<u>Student Activities</u>	<u>Capital Projects</u>	
Revenues				
Local sources	\$ 883	\$ 9,405	\$ 7	\$ 10,295
State sources	12,192	-	-	12,192
Federal sources	190,429	-	-	190,429
	<hr/>	<hr/>	<hr/>	<hr/>
Total governmental fund revenues	203,504	9,405	7	212,916
Expenditures				
General administration	-	-	10,613	10,613
Central support services	-	-	4,676	4,676
Other student activities	-	10,271	-	10,271
Food services	214,997	-	-	214,997
Capital outlay	-	-	55,806	55,806
	<hr/>	<hr/>	<hr/>	<hr/>
Total governmental fund expenditures	214,997	10,271	71,095	296,363
Excess (deficiency) of revenues over expenditures	(11,493)	(866)	(71,088)	(83,447)
Other Financing Sources (Uses)				
Operating transfers in	11,493	-	281,750	293,243
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	-	(866)	210,662	209,796
Fund balance - July 1, 2020	-	36,442	44,942	81,384
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance - June 30, 2021	\$ -	\$ 35,576	\$ 255,604	\$ 291,180
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

HURON ACADEMY

SCHEDULE OF REVENUES – GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2021

Local Sources

Other local revenues	\$ 109,802
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State Sources

At risk	314,736
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Special education	96,360
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State aid	<u>5,175,577</u>
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Total state sources	5,586,673
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Federal Sources

IDEA	85,968
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Title I	226,204
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Title II A	31,684
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Title III	20,695
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Other program revenue	<u>552,250</u>
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Total federal sources	916,801
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Interdistrict Sources

<u>343,268</u>

Total general fund revenues	<u>\$ 6,956,544</u>
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HURON ACADEMY

SCHEDULE OF EXPENDITURES – GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2021

Basic Programs

Purchased services	\$ 2,774,412
Rentals	16,578
Supplies and materials	205,816
Non-depreciable capital assets	<u>1,010</u>
Total basic programs	2,997,816

Added Needs

Purchased services	783,412
Supplies and materials	13,115
Non-depreciable capital assets	<u>250</u>
Total added needs	796,777

Pupil Support Services

Guidance services	36,509
Psychological services	2,034
Speech pathology and audiology	49,401
Social work services	<u>38,216</u>
Total pupil support services	126,160

Instructional Staff Support Services

Purchased services	27,705
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General Administration

Purchased services	635,737
Other expenditures	<u>6,832</u>
Total general administration	642,569

School Administration

Purchased services	535,962
Supplies and materials	<u>11,398</u>
Total school administration	547,360

HURON ACADEMY

SCHEDULE OF EXPENDITURES – GENERAL FUND - CONTINUED FOR THE YEAR ENDED JUNE 30, 2021

Business Support Services

Other expenditures	13,648
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Operations and Maintenance

Purchased services	242,157
Repairs and maintenance	92,867
Rentals	86,515
Supplies and materials	64,666

Total operations and maintenance	486,205
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Pupil Transportation Services

Repairs and maintenance	105
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Central Support Services

Purchased services	23,717
Supplies and materials	113,175

Total central support services	136,892
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Community Services

Purchased services	114,553
Supplies and materials	169

Total community services	114,722
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Payments to Other School Districts

10,141

Total general fund expenditures	<u>\$ 5,900,100</u>
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APPENDIX

Federal Awards Report



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

**To the Board of Directors
of Huron Academy**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Huron Academy, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Huron Academy's basic financial statements, and have issued our report thereon dated October 26, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Huron Academy's internal control over financial reporting (internal control) as a basis for designing audit the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Huron Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of Huron Academy's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Huron Academy's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Croskey Lanni, PC

Rochester, Michigan
October 26, 2021

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

**To the Board of Directors
of Huron Academy**

We have audited Huron Academy’s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Huron Academy’s major federal programs for the year ended June 30, 2021. Huron Academy’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of Huron Academy’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Huron Academy’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Huron Academy’s compliance.

Opinion on Each Major Federal Program

In our opinion, Huron Academy complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of Huron Academy is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Huron Academy's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Huron Academy's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Croskey Lanni, PC

Rochester, Michigan
October 26, 2021

HURON ACADEMY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2021

Program Title/Project Number Subrecipient Name	Grant/ Project Number	CFDA Number	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue at July 1, 2020	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Expenditures	Accrued (Deferred) Revenue at June 30, 2021	Current Year Cash Transferred To Subrecipient
Clusters:										
Child Nutrition Cluster - U.S. Department of Agriculture - Passed Through Michigan Department of Education:										
Noncash Assistance (Commodities) -										
National School Lunch Program Commodities 2020-21	N/A	10.555	\$ 17,808	\$ -	\$ -	\$ -	\$ 8,378	\$ 8,378	\$ -	\$ -
Cash Assistance:										
National School Lunch Program 2019-20 - COVID-19	200902	10.555	52,870	52,870	12,794	-	12,794	-	-	-
National School Lunch Program (including commodities) Subtotal		10.555	70,678	52,870	12,794	-	21,172	8,378	-	-
Summer Food Service Program Operating 2020-21	200900/ 210904	10.559	202,051	20,000	20,000	-	189,072	182,051	12,979	-
Total Child Nutrition Cluster			272,729	72,870	32,794	-	210,244	190,429	12,979	-
Special Education Cluster - U.S. Department of Education - Passed through the Macomb ISD										
IDEA Flowthrough:										
IDEA Flowthrough 1920	200450	84.027	77,682	77,682	24,387	-	24,387	-	-	-
IDEA Flowthrough 2021	210450	84.027	85,968	-	-	-	37,720	85,967	48,247	-
Total Special Education Cluster			163,650	77,682	24,387	-	62,107	85,967	48,247	-
Other Federal Awards:										
U.S. Department of Education - Passed Through the Through Michigan Department of Education:										
Title I Part A:										
Title I Part A 1920	201530	84.010	216,691	216,691	31,812	-	31,812	-	-	-
Title I Part A 2021	211530	84.010	226,204	-	-	-	99,927	226,204	126,277	-
Total Title I Part A		84.010	442,895	216,691	31,812	-	131,739	226,204	126,277	-

See accompanying notes to schedule of expenditures of federal awards

HURON ACADEMY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - Continued FOR THE YEAR ENDED JUNE 30, 2021

Program Title/Project Number Subrecipient Name	Grant/ Project Number	CFDA Number	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue at July 1, 2020	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Expenditures	Accrued (Deferred) Revenue at June 30, 2021	Current Year Cash Transferred To Subrecipient
Other Federal Awards (Continued):										
Title III Part A:										
Title III Part A 1920	200570	84.365	1,884	1,884	301	-	301	-	-	-
Title III Part A 1920	200580	84.365	17,655	17,655	2,825	-	2,825	-	-	-
Title III Part A 2021	210570	84.365	2,172	-	-	-	681	2,172	1,491	-
Title III Part A 2021	210580	84.365	18,523	-	-	-	7,498	18,523	11,025	-
Total Title III Part A		84.365	40,234	19,539	3,126	-	11,305	20,695	12,516	-
Title II Part A:										
Title II Part A 1920	200520	84.367	29,150	24,922	724	-	724	-	-	-
Title II Part A 2021	210520	84.367	36,956	-	-	-	15,139	31,684	16,545	-
Total Title II Part A		84.367	66,106	24,922	724	-	15,863	31,684	16,545	-
Title IV Part A:										
Title IV Part A 1920	200750	84.424	15,538	15,538	2,331	-	2,331	-	-	-
Title IV Part A 2021	210750	84.424	14,920	-	-	-	5,781	14,920	9,139	-
Total Title II Part A		84.424	30,458	15,538	2,331	-	8,112	14,920	9,139	-
Education Stabilization Fund:										
Governor's Emergency Education Relief (GEER) Fund 2021 - COVID-19	201200	84.425	56,474	-	-	-	32,850	56,474	23,624	-
Elementary and Secondary School Emergency Relief Fund (ESSER I) 1920 - COVID-19	203710	84.425	167,356	-	-	-	167,356	167,356	-	-
Education Equity (ESSER) 1920 - COVID-19	203720	84.425	25,103	-	-	-	-	25,103	25,103	-
Total Education Stabilization Fund		84.425	248,933	-	-	-	200,206	248,933	48,727	-

See accompanying notes to schedule of expenditures of federal awards

HURON ACADEMY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - Continued FOR THE YEAR ENDED JUNE 30, 2021

Program Title/Project Number Subrecipient Name	Grant/ Project Number	CFDA Number	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue at July 1, 2020	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Expenditures	Accrued (Deferred) Revenue at June 30, 2021	Current Year Cash Transferred To Subrecipient
Other Federal Awards (Continued):										
U.S. Department of Treasury - Passed Through the Through Michigan Department of Education:										
Coronavirus Relief Fund (CRF):										
CRF State Aid 2021 - COVID-19	11(p)	21.019	220,336	-	-	-	220,336	220,336	-	-
District COVID Costs 2021 - COVID-19	103(2)	21.019	7,756	-	-	-	7,756	7,756	-	-
Passed Through the Copper County ISD:										
MIASA Device Purchasing Program/Distance Learning Grant (MiConnect) 2021 - COVID-19	N/A	21.019	11,895	-	-	-	11,895	11,895	-	-
Passed Through the Macomb ISD:										
Macomb Technology Funding - COVID-19	N/A	21.019	35,572	-	-	-	35,572	35,572	-	-
Total Coronavirus Relief Fund		21.019	<u>275,559</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>275,559</u>	<u>275,559</u>	<u>-</u>	<u>-</u>
Total Federal Awards			<u>\$1,540,564</u>	<u>\$ 427,242</u>	<u>\$ 95,174</u>	<u>\$ -</u>	<u>\$ 915,135</u>	<u>\$1,094,391</u>	<u>\$ 274,430</u>	<u>\$ -</u>

See accompanying notes to schedule of expenditures of federal awards

HURON ACADEMY

RECONCILIATION OF BASIC FINANCIAL STATEMENTS FEDERAL REVENUE
AND RECEIVABLES WITH SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

Revenues to Expenditures

Revenue from federal sources - As reported on modified accrual financial statements
(includes all funds):

General Fund	\$ 916,801
Special Revenue Fund	<u>190,429</u>
Subtotal	1,107,230
Child Care Relief Fund Grant received as a beneficiary not included on the SEFA	<u>(12,839)</u>
Federal expenditures per the schedule of expenditures of federal awards	<u>\$ 1,094,391</u>

HURON ACADEMY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of Huron Academy under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Huron Academy, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Huron Academy.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3 – INDIRECT COST RATE

Huron Academy has elected to not use the 10-percent *de minimis* indirect cost rate allowed under the Uniform Guidance.

NOTE 4 - NONCASH ASSISTANCE

The value of the noncash assistance received was determined in accordance with the provisions of Uniform Guidance.

NOTE 5 - GRANT AUDITOR REPORT

Management has utilized the Grant Auditor report in preparing the schedule of expenditures of federal awards. Unreconciled differences, if any, have been disclosed to the auditor.

HURON ACADEMY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2021

SECTION I - SUMMARY OF THE AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
 - Significant deficiency(ies) identified that are not considered to be a material weakness(es)? yes none reported
- Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified that are not considered to be a material weakness(es)? yes none reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? yes no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.019	Coronavirus Relief Fund
84.010	Title I Part A

Dollar threshold used to distinguish between Type A and Type B programs as described in 2 CFR section 200.518(b): \$750,000

Auditee qualified as low-risk auditee? yes no

SECTION II – FINANCIAL STATEMENT FINDINGS

None

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None